



**Diamond Shamrock**  
Exploration Company

March 6, 1987

*INFO FROM STATE LANDS  
REC. 3-31-92 BY ROOM*

State of Utah Natural Resources  
State Lands  
355 W. North Temple  
3 Triad Center, Suite 400  
Salt Lake City, Utah 84180-1204  
ATTN: Mr. John Blake

RE: ML-41160 State of Utah Oil, Gas  
and Hydrocarbon Lease  
Uintah County, Utah  
42-8108

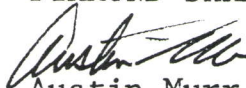
Gentlemen:

We have received your letter dated February 9, 1987 regarding the proposed tar sand operations on the referenced lease. Although we have also received recently a letter from Mr. Maxwell assuring us that he intends to fully comply with the State's regulations affecting his operations, we are concerned that the State seems to regard Mr. Maxwell as acting as Diamond's "agent" in connection with the tar sand operations. Since Diamond and Seabrook assigned 100% of the shallow rights to Mr. Maxwell, retaining no interest or control of any kind therein, we do not agree that Mr. Maxwell is acting as our agent.

We believe that the State, having approved the assignment from Diamond and Seabrook to Maxwell, has a duty to take all reasonable and authorized steps to ensure compliance by Mr. Maxwell. In this regard, the State is authorized by U.C.A. Section 40-8-7(1)(e) not merely to ask Mr. Maxwell to post a reclamation bond, but to require such a bond. We trust that this and other appropriate measures will be taken.

Very truly yours,

DIAMOND SHAMROCK EXPLORATION COMPANY

  
Austin Murr  
Land Manager  
Northern Region

CH/AM/cw

cc: James F. Maxwell  
722 E. 2730 N.  
Provo, Utah 84602

Seabrook Corporation  
ATTN: Pat Grubbs

Amarillo Lease Records  
ATTN: Sandra Spoon

